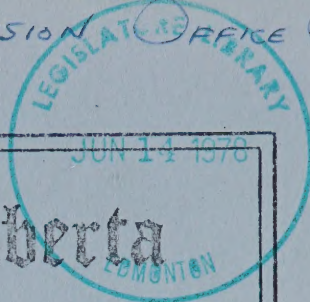


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The Province of Alberta

IN THE MATTER OF THE PUBLIC INQUIRIES ACT
AND IN THE MATTER OF O/C 290/73, AN INQUIRY
INTO THE NEW TOWN OF GRANDE CACHE

N. R. CRUMP, Esq.,	Chief Commissioner
T. H. PATCHING, Esq.,	Commissioner
DAVID GRAHAM, Esq.,	Commissioner

W. A. Stevenson, Esq.,	Commission Counsel
D. O. Sabey, Esq., Q.C., and J. G. Martland, Esq.,	For McIntyre Porcupine Mines Ltd.

DATE: June 27, 1973
HELD AT: Edmonton, Alberta.

VOLUME VIII
(Pages 843 - 935)

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I N D E XVOLUME VIIIJUNE 27, 1973

"

WITNESSES:FRANCIS STEWART COOKE (Recalled)

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Examination by Mr. Stevenson	855
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GRAHAM L. DIXON

Examination by Mr. Stevenson	862
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EUGENE MITCHELL

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PROCEEDINGS before the Board of
Commissioners, at the Law Courts,
City of Edmonton, Province of
Alberta, commencing at 9:30 a.m.
Wednesday, June 27, A.D. 1973.

MR. CRUMP: We will open this hearing this
morning by, as I mentioned in my closing remarks last night,
are there any corrections to the transcript as to date?
Mr. Stevenson, have you?

MR. STEVENSON: I don't want to suggest this is
necessarily a complete correction in the sense that it is
exhaustive, and I have not corrected punctuation or spelling.
I have looked at these items which I think might mislead a
reader of the transcript, and perhaps the simplest way to do
it is just to read them into the record rather than find them
at this point. I can identify them.

MR. CRUMP: That's the usual practice.

MR. STEVENSON: Volume 3, page 478 question 1 the
word "principle" is spelt "l-e" and should be "a-l", and it
might be mistaken there.

The same correction at page 483
answer number 6.

The same volume at page 542 question
number 4 the word is given as "venting"; it should be "vetting".

Volume 4 page 569 answer number 5,
the figure given there should be 65,000; it is just given as
65.

Page 574 question 4, the transcript

1-LL-2

F.S. Cooke - Sabey Ex.

MR. STEVENSON: (continued) reads "apropos"; it should read "Provincial".

Volume 5 page 626 answer number 7, the answer should read "mechanical supervisor" not "mechanic and supervisor" as the transcript reads.

Volume 6 page 681 question 10 should read "Forty-two million dollars", not "Two million dollars".

Page 689 question 5 the word "contract" should be "contact". That changes the context there.

And in volume 6 also the closing remarks of the Chief Commissioner at page 741 omit a line, but I will have to rely upon the Chief Commissioner to supply the line that's missing. It was a closing remark. That error is apparent from the transcript.

Those are the only ones, sir, that I think are of sufficient importance to record.

MR. CRUMP: Thank you, Mr. Stevenson.

Have you any, Mr. Sabey?

MR. SABEY: I can't say, Mr. Crump, that we have noted any of that magnitude as yet.

MR. CRUMP: Thank you.

Mr. Cooke, you understand that you are still under oath?

MR. COOKE: Yes.

FRANCIS STEWART COOKE, on his former oath, examined by Mr. Sabey:

Q Mr. Cooke, I would like to deal with the subject that was

1-LL-3

F.S. Cooke - Sabey Ex.

Q (continued) touched on yesterday by Mr. Stevenson.

In your brief you predict that the future generations will look disdainfully at the folly of the shortsighted program of the Government of Alberta by increasing the royalty on oil and gas. I think that's at page 30. Do you have that?

A Yes.

Q You further suggest that the higher royalties of coal at Smoky River would only result in more lay-offs of the employees and a "high grade" of coal, thereby ruining the coal fields for future development. I think that's over the page. Do you have that?

A We made that suggestion, yes.

Q You told us several times that as pragmatists you recognize that the Alberta Government is unlikely to take over the McIntyre Porcupine Mines; is that correct?

A I think I said we were pragmatic all right and we do not wish simply - although I would concur with the idea of making such a proposal, that was not the only proposal - outright take over was not the only proposal we would like to consider.

Q So with this assumption you nevertheless advocate that some shortsighted policy of increasing royalty on coal?

A Only as one of the means by which the Alberta Government might have an equity in the corporation.

Q What you are saying is rather than take it out by way of cash, they take it out in equity?

A Yes, sir.

Q What is the difference to the shareholders of the company?

1-LL-4

F.S. Cooke - Sabey Ex.

A Not a great deal of difference to the shareholders of the company; could be to the management of the company but not to the shareholders.

Q Not for very long. If it makes a difference to the shareholders, and management does not recognize it, surely the shareholders will do something about it, won't they?

A Not usually.

Q Are you seriously suggesting that shareholders are going to let management have their shares diluted without taking some action?

A I seriously suggest that shareholders, except the single major shareholder here and there, have very little to say what management does with any corporation.

Q Mr. Cooke, you are saying in essence that -

A I hold ten shares of Stelco. They don't really have any effect on what Stelco does.

Q They may not, sir. But you are not going to be very content to see your shareholdings diluted, are you, whether it's by way of issuance of shares or taking of capital or profits?

A As a shareholder they make very little difference to me, the two propositions.

Q You are not happy with either one of them?

A I am not unhappy with either. I made the proposal, sir.

Q So that I understand you, Mr. Cooke, you are saying that you don't think the shareholders would be upset with the dilution of their shares in the McIntyre Porcupine Mine in the manner that you suggest?

1-LL-5

F.S. Cooke - Sabey Ex.

A I don't know, and I really wasn't too disturbed about that.

Q You really don't think about that?

A Yes, I would not say I disregard it; I don't know whether they would be upset. I don't think that would be of major significance.

Q You don't think their feelings would be sufficient to give some instructions to a dilatory management who was not doing something about it?

A Well, these two ways are not the only ways that the shareholders

Q We are talking about these two that you suggested.

A There has not been any reaction from the shareholders that I have seen that has anything to do with the dilatory management that I have described here.

Q And that's a matter of opinion, isn't it?

A It's an opinion I hold, and I think there is enough evidence before the Commission to warrant at least some indication.

Q Be that as it may, sir, how does that square with your repeated references as to the changes in management?

A That's only at a level of management. I'm not sure. I'm sure shareholders didn't do that.

Q You are sure that it was not the shareholders who did that?

A I am pretty sure.

1-SS-1

F. S. Cooke. - Sabey Ex.

A Who did it?

Q Yes, did the mine workers do it?

A The mine workers?

Q Did the employees do it?

A No.

Q Well, who changed the management, you keep referring to the dilatory management, you also refer to repeated changes in management ---

A --- M-hm ---

Q --- Now somebody did it, who effected it?

A Officers of the company.

Q Mr. Cooke, I find it difficult to take you very seriously. In your brief ---

A --- that is entirely up to you ---

Q --- you recommend that the Energy Board, that the Department of Environment should expand their programs?

A Yes.

Q Do you recommend that these and other government departments should draft new legislation for health and for safety for the environment?

A Yes.

Q You recommend that the Energy Board should review the environmental impact and the economics of mining?

A Yes.

Q And you recommend that there should be a provincial marketing board?

A Yes.

Q Now, are these the sort of things that you think, let's be a

1-SS-2

F. S. Cooke - Sabey Ex.

Q (Cont.) little more specific. Are these the sort of things that you think these government agencies should look into, first perhaps the looking at the markets in Alberta, Canada, Japan and elsewhere, is that the sort of thing?

A Yes, I would think so.

Q Also perhaps looking at technical developments in the coal industry?

A Yes sir.

Q They should also perhaps look at the corporate ownership and the financial structures of the companies that are involved in coal mining?

A To the extent that it is necessary, yes.

Q Surely, and I suppose that they should look at capital investment, operating expenditures, direct and indirect employment effects, supply of goods and services in coal exploration, coal mining, coal processing, coal transporting, that would be things that these government agencies should look into?

A Yes.

Q I suppose you would recommend that they also look into the historical and projected activities in each of these areas that I have mentioned, coal mining exploration, processing and transportation?

A To the extent necessary, yes.

Q And also that the government agencies should look into the social, the economic and environmental effects of coal and coal mining and coal burning I think you mentioned?

1-SS-3

F. S. Cooke - Sabey Ex.

A Yes.

Q And that they should look at the future use of strip mines and underground mining?

A Yes sir.

Q Now sir, are you aware that each one of these things have been looked into by provincial boards in the last 18 months?

A Yes, I have.

Q You were aware of that?

A Yes, I am aware that that is going on.

Q Before yesterday?

A Yes.

Q Well then why the recommendation, sir?

A Because I don't believe that the fact that these things have been examined as can be listed, necessarily means there has been an exhaustive examination or even a sufficient examination in some instances.

Q Well sir ---

A --- and I think in what our proposal is, there should be continuing work, not some periodic commission examination only.

Q Well sir, is it your information that these hearings or investigations by these government departments that I have referred to are periodic only?

A Only in some instances, not in the government agencies, I believe ---

Q --- Well, I am talking about government agencies, sir, not the commissions, the government agencies, now does that

1-SS-4

F. S. Cooke - Sabey Ex.

Q (Cont.) change your answer?

A Then I think there are some of the things that we have mentioned that I wouldn't be happy, nor do I think the agencies would be happy that they have done an exhaustive study on it.

Q Well sir ---

A --- I think they are beginning to work at some of these things and they say that in some of these cases.

Q Well sir, are you really familiar or aware of the role of the Energy Resources Conservation Board in coal mining, in Alberta?

A No.

Q Well, are you aware of the role of the Department of Lands and Forests in respect to coal mining operations in Alberta?

A To some extent.

Q To what extent sir, can you just indicate to me what their role is?

A Well, they have in some instances required the counts of animals, the types of trees and the types of soil toppings and so on, and have made some requirements with respect to coal mining industry.

Q That is the evidence that Dr. Wood gave the day before yesterday, isn't it?

A I don't know whether that is the evidence Dr. Wood gave the day before yesterday, I wasn't here, nor have I read his transcript.

Q You did read his transcript?

1-SS-5

F. S. Cooke - Sabey Ex.

A No, I didn't.

Q And is that the extent of their role, as far as you know?

A No, I have just enumerated those things that I am aware that they were doing off hand ---

Q --- So you are not aware of any further role ---

A --- They probably have a further role that I haven't right at my fingertips this morning.

Q Well, you are not aware of any further roles?

A No.

Q I'm not asking you to guess what it might be, I am asking you what your awareness is. Now, are you aware of any further role that they have?

A No, not at this point.

Q Are you aware of the role of the Department of Environment in the coal mining operations in Alberta?

A No.

Q Well sir, before you start making these recommendations, don't you think it would be best to find out what the actual situation is, what their role is and what they are in fact doing and have been doing?

A I think I said yesterday, and I don't find myself uncomfortable about making a recommendation that is now either fully or partly being carried out.

Q And has been for some time been carried out?

A In some instances.

Q But you don't know ---

A --- if that is the case.

F. S. Cooke - Sabey Ex.

Q --- But sir, you don't know, do you ---

A --- I am not uncomfortable about making such a recommendation.

Q That is pretty obvious, Mr. Cooke. Sir, when you talk about proposed legislation, you talk about enshrining the right of a worker to refuse to work in unsafe conditions as a necessity?

A Talk about making legislative provision, yes.

Q Yes. Well sir, do you really mean to suggest that present legislation in Alberta requires an employee to accept unsafe work?

A I don't, no, I am only suggesting that it should be very clear in the legislation that workers have the right to refuse to work because of unsafe conditions.

Q And you also propose that the legislation, that there should be legislation requiring advance notices of layoffs?

A Yes sir.

Q I presume that the choreale will follow that that would include advance notice by an employee that he was going to quit?

A No, no.

Q Oh?

A No, I don't think that is necessarily so.

Q I see. Sir, in your brief you very briefly mention the native people in the Grande Cache area?

A M-hm, m-hm.

Q I think with respect to tourism?

A M-hm, m-hm.

Q Now, have you any concrete proposals designed to assist the

1-SS-7

F. S. Cooke - Sabey Ex.

Q (Cont.) enterprise of the native people in Grande Cache?

A No.

Q In your brief you recommend joint efforts with the province of British Columbia for western steel industry, that they look into it and whatnot. What location do you see for that industry, Mr. Cooke?

A We haven't done a study of that. I would think it would have to be one which combined the best transportation facility for the ingredients in steel, maybe in Alberta, maybe elsewhere.

Q Why do it with B.C., why can't Alberta do it alone?

A There would be no reason on earth why Alberta couldn't do it alone, if that proved to be better. There is a fairly substantial investment required in the steel industry and I think that it may be useful to combine the two provinces.

Q You have in mind iron deposits in British Columbia, have you?

A Or any others which can be reasonably reached.

Q Yes, I didn't mean to restrict it to iron, I meant copper or any other such heavy industry?

A Not only in British Columbia either, also any other that can be reasonably reached.

Q Any other?

A Of the deposits that you mentioned, iron ore, copper or elsewhere.

Q In British Columbia?

A And I think I even mentioned Yukon yesterday.

Q But sir, just so I understand, are you recommending a joint

1-SS-8

F. S. Cooke - Sabey Ex.
- Stevenson Ex.

Q (Cont.) study perhaps for the location of steel mills elsewhere than in Alberta?

A Yes, as well as in Alberta.

Q Well sir, if the steel mills are located other than in Alberta, you are still exporting jobs from Alberta?

A I suppose.

Q Yes, and that is one of the criticisms you have earlier in your brief, isn't it, that the companies are simply shipping the coal out and exporting jobs from Alberta?

A That is right.

MR. SABEY: I don't think I have any further questions, Mr. Cooke, thank you very much.

MR. CRUMP: Mr. Stevenson, have you any re-examination?

MR. STEVENSON: Just a couple of items.

MR. STEVENSON EXAMINES THE WITNESS:

Q Mr. Cooke, you indicated yesterday that there were some references that you could provide to us and I take it you will try and dig those out for us?

A Yes, I will, I am not, I think in every case I said I would try.

Q Will you?

A I will certainly attempt to do so, I have made a note of a number as they were requested yesterday and I will try and send them on to you.

Q Would you do that for me please?

A Yes.

1-SS-9

F. S. Cooke - Stevenson Ex.

Q Mr. Sabey pointed out that there was a publication you referred to at the last hearing that you were going to provide that gave, you have given us the description, have you got that booklet yet?

A I have, unfortunately, an incomplete copy of it. I've had it sent here because I was not in my office. When I looked it over, it does not contain all the pages, so I want to go back and get all the rest of the pages before I submit it, but it is a copy of the Alberta Resources Railway, the things that were in this cover are not all here at the moment because it is an ancient and well used version.

Q The one in particular that you had reference to was entitled the Alberta Resources Railway and ---

A --- but there is no ---

Q --- It commences with an introduction by the Premier?

A Yes sir.

Q Mr. Strom, but there is no ---

A --- There is no identification.

Q No date or identification of it other than by that means?

A Yes sir.

Q I suggest to you, Mr. Cooke, that this may not be the entire document that you referred to because at the hearings last week we were provided with a, the hearings in Grande Cache, we were shown a copy of the publication, Alberta Land for the Living, which had some of the same material in it, some of it?

A Well, I really don't know more than I reported, that I had

1-SS-10

F. S. Cooke - Stevenson Ex.

A (Cont.) read these in the publication which seemed to be publications of the Alberta Government, and that one is not complete as it arrived here. When I picked it up, it didn't have some of the pages in it, so that I didn't feel that I should turn it over this morning, but felt I would go back to the files and pick up the rest of that and send along a complete document.

Q If you can't find the rest of the pages, will you send it back?

A Yes, I will.

Q Mr. Cooke, one question that Mr. Sabey put to you was to ask you where you got the multiplier of five with respect to jobs created by the mining industry, and I suggest that appears in Mr. Kierans' paper?

A In some cases it does, I noted that, but I am not sure that that is the only place, I will check the source nevertheless.

MR. STEVENSON:

That was the only point I

wanted to clear.

MR. CRUMP:

Mr. Patching, have you

any questions?

1-MTH-1

F.S. Cooke - Patching Ex.

MR. PATCHING EXAMINES THE WITNESS:

Q I wonder if you could clarify the figure on page 17, Mr. Cooke, of the amount spent in training grants from the Department of Manpower. In the paragraph previously, you're speaking of Canada Manpower Centers and I wonder if this \$304,000 that you're speaking of is also from the Canada Manpower or is that a figure relating to the provincial Department of Education training program?

A I would think this would have to do with the Canada Manpower.

Q You see, the other day --

A -- Subsidy on wages.

Q The other day we heard from Mr. Bredo that something like \$317,000 was spent by the provincial Department of Education on training?

A Yes.

Q Would that be in addition to this \$304,000 that you refer to?

A As I heard the breakdown of his evidence, I would think it would be in addition.

Q This is something that we should look at then, I think.

I am a bit puzzled as to just what your recommendation is regarding royalties. If we come to page 30 and 31, under recommendation two, you're speaking of supporting a take-over of the McIntyre property and then at the top of page 31 you say --

THE COURT REPORTER:
can't hear you.

-- I'm sorry, Mr. Patching, I

Q MR. PATCHING: Sorry. You recommend on the top of the section at page 30, you support the take-over of the

Q (Continued) McIntyre Porcupine interest at Grande Cache. On page 31, top line, you say

"... it should at least increase substantially its royalty on coal ..."

and then in the second paragraph you say

"Instead of urging that Alberta collect higher royalties, this ..."

and in the third paragraph you say

"...the people of Alberta (should have) some equity in what is rightfully theirs."

Finally you say

"... the province could tax, not profits, but the value of coal output."

Now, which of those recommendations are you suggesting that the Commission consider?

A I think all of them in combination, sir. What we're suggesting is that there should be a gradual entry of the province into the equity ownership of the operation. That you could do so by way of increasing royalties and taking the increase in royalty in share capital, share, equity shares; that you could also increase the, or set an export tax on the tons of coal rather than on the profits of the corporation and take that also in equity shares.

Q Would you recommend that these be done in succession or in combination or choosing one alternative or the other?

A I would think they should be done in combination.

Q You have made a recommendation for a considerable amount of increase in research in coal. At page 35 you say:

Q (Continued)

"The people of Alberta have a right to expect leadership in this field, which will open vast new markets for Alberta coal if the technological know-how is locally-owned and controlled."

And then you have suggested a number of areas of research. Now, which of those would you suggest priority be given to because there is a huge amount of money already being spent on coal research. I understand that President Nixon has recommended \$120,000,000 for the next fiscal year in coal research?

A Yes.

Q Where can we put the money so that it will do the most good?

A I wouldn't want to pretend to know which of these ought to be given priority at this point. I think all of these areas ought to be looked at and it may well be that studies in other jurisdictions could be developing or covering an area that the Alberta government ought to look at - an area that is not perhaps being looked at by others and this I think would have a bearing on it. I think the researchers themselves could do some consulting with each other and determine which would be a priority in Alberta.

Q Now, you probably know that there has been quite a few discussions and conferences, you're speaking of a national or international conference on coal, that there are conferences almost on a continuous basis regarding coal, I wondered if you had any particular priorities in this area that you think are most important for us?

F.S. Cooke - Patching Ex.

A The one at the moment that stands out in my mind is transportation but I'm not certain that that's the - if there's enough work being done on that elsewhere, then I think the Alberta efforts should be placed where it is not being done amongst these needs.

MR. PATCHING:

That's all the questions I have.

Thank you.

MR. CRUMP:

Mr. Graham, have you any

questions?

MR. GRAHAM:

I have no questions.

MR. CRUMP:

I have no questions, but before

you step down, Mr. Cooke, the material that you have undertaken to be supplied --

A -- Yes, sir.

MR. CRUMP:

-- will be supplied the

Commission counsel?

A Yes, sir.

MR. CRUMP:

You will see that Mr. Sabey gets copies?

A I will or the Commission will?

MR. CRUMP:

No, Mr. Stevenson will see that other counsel get the necessary copies.

A Thank you.

MR. CRUMP:

And if the Commission feel that there are new facts brought out by that material, why of course you will be subject to recall?

A Yes, sir.

MR. CRUMP:

Thank you very much for coming.

G.L. Dixon - Stevenson Ex.

MR. CRUMP: (Continued) You may stand down.

(Witness retires)

MR. STEVENSON:

Thank you, Mr. Cooke. Mr.

Dixon.

GRAHAM L. DIXON, sworn, examined by Mr. Stevenson:

Q Mr. Dixon appears, sir, by arrangement with the Federal Department of Manpower and Immigration - this is the Federal Department.

I understand, Mr. Dixon, that you are presently the Director of Planning and Co-ordination for the Department of Manpower and Immigration, Manpower Division, in the Province of Alberta, is that correct?

A Manpower and Immigration in the Province of Alberta, yes.

Q And you held that position since the 1st of January, 1973?

A That's correct.

Q And prior to that time, you were a senior operations officer at Winnipeg?

A In the prairie regional office, which in our department's sphere of responsibility covers the three western provinces - Alberta, Manitoba, Saskatchewan and the Northwest Territories.

Q How long have you been with the Department of Manpower and Immigration?

A I have now been eleven years with this Department.

Q And I take it that the Winnipeg office would be responsible for field services in Alberta?

A Policy decisions.

Q Now, at our request, you have assembled information relating to Canada Manpower involvement with the operations at Grande

G.L. Dixon - Stevenson Ex.

Q (Continued) Cache?

A Yes.

Q And you prepared that in written form for us?

A I did, yes.

Q And this is the material that you prepared, that was prepared under your direction?

A It is, with the addition of the item 14 which is the report of the assessment and adjustment committee.

Q You didn't have that available --

A -- No, I received it this morning.

Q -- when you prepared this.

MR. STEVENSON: I would like to enter this as an exhibit. It would be Exhibit 24.

SUBMISSION AS TENDERED
MARKED EXHIBIT 24.

MR. CRUMP: I'm sorry to keep labouring a point here, gentlemen, but if the witness would speak up, both the reporter and ourselves would get it a little more easier.

Q MR. STEVENSON: Now, Mr. Dixon, if we turn to page 2 of your report. I understand that Canada Manpower's involvement in the coal industry training goes back some time and results from representations made by mining companies and those in the coal industry, that there was a continuing labour shortage in the coal industry, is that correct?

A That's correct, based on information gathered from various sources, certainly our field offices as well and their experiences in attempting to recruit persons for the industry.

G.L. Dixon - Stevenson Ex.

Q And you indicated at the bottom of page 2 that you had some particular relationship with McIntyre Porcupine. Perhaps you could tell us what that was - if necessary, if it's necessary from your point of view, to read that last paragraph on page 2 in case any questions suggest themselves from it?

A You want me to read this aloud?

Q Yes, yes.

A That is the portion

"... these documents, studies and reports..."

Q No, I'm sorry, on page 2 of your actual report?

A "Unfortunately, the McIntyre closure of No. 5 mine and the laying off of skilled people was contrary to any foreseen predictions. Previous experience with McIntyre had shown that during any twelve month period the company would inevitably advise this department of immediate shortages of certain types of people, mainly underground miners and maintenance personnel and then without any notice cancel overseas and domestic clearance orders leaving people in transit and/or cancelling job offers. A period of several months would then elapse and the company would approach this department telling us that they again had severe manpower shortages. Apparently, the company had difficulty predicting its occupational requirements for any twelve month period resulting in continuing manpower problems at Grande Cache."

G.L. Dixon - Stevenson Ex.

A (Continued) I certainly wouldn't want that to be taken as a final statement of the Department of Manpower and Immigration. It should be reviewed in the context of the historical background.

Q In what respect, in what particulars, Mr. Dixon?

A Well, the attempt to acquire and develop a competent labour force for McIntyre involved the application of a variety of departmental programs. When local workers were not available, of course the department would go further afield as particular skills were required. For instance, in the setting up of new machinery, where specific expertise was required, it would be necessary to go outside Alberta and indeed the department agreed to recruitment by McIntyre Porcupine in the United Kingdom and this is where some of the problems occurred but based on a forecast or statement of requirement by McIntyre Porcupine, the department would, our Canada Manpower Center in Grande Cache would ask authority to go to the United Kingdom or other parts of Canada, then due to a change in whatever internal workings there were within the company, the orders would be cancelled and we would be notified that these workers were no longer required.

Q I understand. Now, I understand that the Canada Manpower service among other things, established an office at Grande Cache itself?

A Yes.

Q And you deal with that on page 5 of Exhibit 24?

2-LL-1

G.L. Dixon - Stevenson Ex.

Q Is that right?

A Yes.

Q Now, this office operated in 1971 apparently, 1972; is that correct?

A Yes.

Q It opened on December 1st 1971 with a staff of two?

A That's correct.

Q And as an example of the involvement of Canada Manpower in labour services in the community, you gave a statistical example of local recruitment for roughly a six month period ending July 1972?

A Yes.

Q And I take it that indicates you were notified of 296 vacancies. Would that be essentially from the mines?

A For unskilled and semi-skilled occupations.

Q And you made 336 referrals?

A That's correct.

Q And 184 of those were hired?

A Yes.

Q And 510 people registered in that office for work?

A During that six month period.

Q Would that be people coming in looking for work?

A Some would be. I could only speculate because I wasn't there, but there would be local residents and those people attracted to Grande Cache.

Q And it appears that your assessment or your first involvement, going to the top of page 5, was in early 1969?

2-LL-2

G.L. Dixon - Stevenson Ex.

A Yes.

Q And for the period 1969 to 1971 there was no local office in Grande Cache?

A No. There was service provided by way of regular visits, weekly visits, for a period of one day. At that time recruiting was mainly of a technical and skilled nature for the preliminary work at the mine site for the installation of machinery and so on.

Q That office is now closed?

A At Grande Cache?

Q Yes.

A No, it's still functioning.

Q With how many employees?

A Two.

Q Now, Canada Manpower operates something called a clearance system. Can you tell us what that is?

A When either the numbers or the skills required by an employer cannot be satisfied through the local labour force, that is in the timing involved, we could not realistically train local people to take on those jobs, we then extend the area of search. In the case of Grande Cache we first go throughout the Province of Alberta. If we were not successful we would go to the western region, then cover all of Canada, and if that was not successful arrange for overseas recruitment if that was the employer's wish.

Q And as an example of the method of processing, you included at page 7 a form, a Canada Manpower form, in this case directed to Canada Manpower, Grande Prairie, for, in the example,

2-11-3

G.L. Dixon - Stevenson Ex.

Q (continued) McIntyre Porcupine, May 11, 1972 for fifteen underground mechanics.

A Yes.

Q That was shown as for permanent employment.

A That's correct.

Q And what is the significance of that from your Department's point of view?

A Well, in the application of the Manpower mobility program, for instance, where moving costs are paid by the Federal Government, one of the requirements is that it be permanent employment. Certainly insofar as advising a prospective worker about the prospects with a particular employer, one of the things that is essential that he knows is the length of the job.

Q What do you infer by "permanent"?

A Continuing.

Q For any specified length of time?

A No, but certainly looking for a period of years.

Q Was the Canada Manpower Department aware of McIntyre's plans for development of the mines at Grande Cache, what length of time was involved?

A As a result of discussion with the employer, yes.

Q What was that?

A I couldn't tell you what the estimated life span of the ore body is.

Q Would you have been advised of the length of the time or the term of the contract as well as the prospect for the development of the particular ore body?

A Yes.

2-LL-4

G.L. Dixon - Stevenson Ex.

Q I notice that in this case you show the distribution as a number of places in the Maritimes, British Columbia, all of Alberta and "clear to U.K." what does that mean?

A That the decision was taken to go to these likely areas where experienced coal miners, in this instance underground mechanics, would be found, including the United Kingdom. These would permit our overseas posts, officers in the overseas posts to be aware of the job prospects as persons presented themselves for landed immigrant status or admission to Canada for employment. This would be the method by which he would verify at the immigration post that in fact the post did exist.

Q I take it that you operated a program called the Canada Manpower Mobility Program?

A Yes.

Q It is detailed at page 9 of this Exhibit.

A Yes.

Q And you provide grants for relocation, transportation, certain other items that are detailed there, including an allowance for a worker to purchase a home.

A That's correct.

Q Were those services made available to persons wanting to move to Grande Cache from within Canada?

A Yes, they were.

Q In accordance with Departmental policy?

A Yes.

Q Were those services also made available for those workers who moved out of Grande Cache on the lay-off at number 5 mine?

2-11-5

G.L. Dixon - Stevenson Ex.

A Yes, they were to other employment in Canada, and in some instances to adult training programs.

Q I take it that not every employee would avail himself of all of these grants, but in general these were available for people wanting to move within Canada, either going into Grande Cache or, after the lay-off, going out?

A That's correct.

Q I notice, for example, there is a homeowner's allowance of \$1,500 for the purchase of a home. Were some of those expended in Grande Cache?

A Yes, they were. That fifteen hundred dollar figure is a recent amendment to the regulations. It was \$1,000 at that particular time.

Q Even though some of the workers received grants from the company which allowed them downpayment on the house?

A I'm not familiar with what provisions the company made. I do know that this was looked into by our Department and a legal interpretation obtained; and in fact that interpretation, the decisions taken by the Department were that individuals purchasing a house under that particular scheme were eligible for homeowner's grants.

Q Now, I understand that between 1970 and June 1973 266 Canada Manpower Mobility Grants were issued to move workers to McIntyre Porcupine or from McIntyre Porcupine; is that correct?

A That's correct.

Q At a cost of \$275,000, direct cost?

A That's the amount expended to date.

Q That does not include Departmental administration; those are

2-LL-6

G.L. Dixon - Stevenson Ex.

Q (continued) grants?

A No, those are grants.

Q \$169,500 to move workers in and \$105,500 to move workers out; is that correct?

A That's correct.

Q And I understand that in addition there are contingent claims in relation to Canada Manpower grants either for moving in to McIntyre Porcupine or moving out which may appear?

A That's correct. The reason for that is an individual who moved into Grande Cache has a twelve month period in which to qualify for that homeowner's grant. Similarly, for an individual moving out. Although he may qualify, he may in fact never apply because he does not buy a house.

Q Your contingent estimate there is \$100,000?

A That's correct.

Q And I gather that Canada Manpower also expended directly about \$10,000 to move people into Miner Training courses at the mine during 1971/72 and '72/73?

A That's correct.

Q Now, was Canada Manpower and Immigration also involved in recruiting overseas?

A Not in the active recruitment overseas, the facilitation where we could provide office space for interviewing. But prospective immigrants came from all over the United Kingdom as in fact they did from other countries and into the company of recruiters doing their advertising, conducting their interviews, advising the prospective worker what the terms

A (continued) of employment were, and then he presented himself at the Immigration post to apply for admission to Canada as a landed immigrant.

Q Did Canada Manpower make arrangements for advertisements on behalf of McIntyre Porcupine overseas?

A Not to my knowledge.

Q Did they provide some space for interviewing?

A There would have been, yes.

Q But they didn't do the actual interviewing?

A No, other than in the processing for admission into Canada.

Q That's an immigration service?

A That's correct.

Q I take it, Mr. Dixon, that the main services provided by Canada Immigration and Manpower overseas was in connection with processing the immigration and facilitating the recruitment?

A That's correct. And then any services that would be extended to an immigrant coming to Canada would be available to that person whether he was coming to McIntyre Porcupine or not.

Q Essentially the services provided was assisted passage loans?

A Yes, there were assisted passage loans made available to those granted landed immigrant status.

Q And those are of course repayable?

A That's correct.

Q So that direct investment by Canada Manpower in the overseas recruitment would not be a significant - there would not be any direct investment?

A No, other than normal administrative costs.

2-LL-8

G.L. Dixon - Stevenson Ex.

Q And does Canada Manpower and Immigration have offices in the United Kingdom?

A Yes, we do.

Q Now, in addition I understand that Canada Manpower operates a number of different training programs with which we are concerned to some extent in this inquiry?

A Yes.

Q Firstly, there is what is called the Canada Manpower training on the job program?

A That's correct.

Q Generally what does this do? What is the object of this program?

A In the time frame we are speaking of, with McIntyre Porcupine, it was a job creation program initiated by the Federal Government whereby the Department would offset seventy-five percent of an individual's wages, worker's wages, to a maximum of fifty-two weeks if the hiring that was taking place was either advanced, in other words, it was to create jobs, and that's the context in which the training on the job program is applied in this instance.

Q So that you have subsidized the salaries to some extent while this training went on?

A That's correct.

Q And in the case of McIntyre Porcupine at Grande Cache, I gather the total expenditure by the Department in this program is shown on page 15 as \$130,770?

A That's correct. The amount contracted for was \$247,296 but as a result of modifications to the training, the number of

2-LL-9

G.L. Dixon - Stevenson Ex.

A (continued) trainees in the program, drop-outs and so on, or perhaps not enough recruited into the program, the actual payment was \$130,770.

Q And that's for 64 trainees?

A That's correct, yes.

Q I understand also that McIntyre Porcupine proposes 48 trainees for 40 weeks in 1972/73, but that that proposal was withdrawn at the time of the January lay-off?

A That's correct.

Q Had Canada Manpower been prepared to proceed with that program prior to that?

A Yes.

Q For a cost of \$201,000 approximately?

A Yes.

Q That's one training on the job. Then we also have a training in industry program; is that correct?

A That's correct.

Q And basically how does it operate?

A This training can be provided by the company, and indeed the most appropriate way for it to be provided is by the company, including a classroom setting and whatever sophisticated equipment, machinery and tools, and instructional skills are available within the company. Our Department will finance the cost of training, that is the cost of consumable items, equipment cost, instructors' salaries, and up to fifty percent of training wages while in training. Now, this program can be used for new workers who do not have a skill. It can be used

2-LL-10

G.L. Dixon - Stevenson Ex.

A (continued) in the event of technological change where there's a modification to a skill that needs updating or in the case of McIntyre Porcupine it was used to develop supervisory skills.

Q Now, the Federal investment in that program I take it amounted to something in the order of \$20,000 paid out for the '71/72 season?

A That's correct.

Q And there was a '72/73 program but no claim was made on it?

A Yes.

Q Now, I understand the proposal for McIntyre was made in January 1973 to upgrade mechanical maintenance personnel at a cost to Government of Canada at \$11,700, but it was not accepted due to the lay-offs?

A That's correct.

Q Now, you gave an example of a course purchase notice on page 18. What kind of a course was that for, Mr. Dixon?

A This was for miner training.

Q And which program would that fall under?

A This would have been the formal training program that had been going on for some time, that had been developed between the company and the Province of Alberta, which from analysis and all indications was a very successful program, and latterly our Department agreed to finance a specified number of trainees in the program.

Q And that course was scheduled to start on 5th of February 1973?

A That's correct.

2-LL-11

G.L. Dixon - Stevenson Ex.

Q And it was cancelled?

A Yes.

Q And the agreement to go into that course was made by the Government on the 15th of January 1973; is that correct?

A That's correct. The date of the formal agreement was then, but certainly I would suggest that in probably December, November, a policy decision was taken to participate in that training.

Q So that the request for that would have been made in the late fall or early winter?

A That's correct.

Q That brought you into the Alberta vocational course program that was offered and operated, and I understand that Canada Manpower did become involved in it at a comparatively late stage?

A That's correct.

Q And you call that another program, Canada Manpower private purchase?

A Yes.

Q And in this case your private purchase was with the Government of Alberta or from the Government of Alberta?

A From the Institution.

Q And the Government of Canada expended \$34,618 towards that program?

A That's correct.

Q And that would be for the course started December 4th 1972?

A Yes.

Q And finishing February 5th, 1973?

A That's correct.

2-SS-1

G. L. Dixon - Stevenson Ex.

Q Now in your material you also provide us with a copy of an analysis of the Provincial Training Program, a provincially funded training program?

A Yes.

Q To which you later became a contributor?

A That is right.

Q And that is Section 8 of the material that you have provided to us?

A Yes.

Q And that was prepared through the Alberta Vocational Centres?

A That is correct.

Q And it shows the experience that they had with the operations in Alberta, and it was on the basis of this that Canada Manpower decided to participate in the program that the province was operating?

A It certainly was an influencing factor. Our concern with that program was that when we buy from an institution, either private purchase or our usual participation with the province, it is to provide industry generally, an industry generally with workers. In this instance, our reluctance to become involved in the program was because it seemed to us that graduates, successful completers of the training were beamed specifically to McIntyre Porcupine.

Q You said that the concern you had was that these people were being directed towards McIntyre Porcupine whereas this program was one for industry training?

A That is correct, and the suggestion that we had made to

2-SS-2

G. L. Dixon - Stevenson Ex.

A (Cont.) McIntyre Porcupine was that we become involved in an industry based training program where in fact the company would operate the training since the graduates were going to their employ.

Q Now the Canada, the two earlier Canada Manpower programs training on the job and training in industry were of course directed to a particular employers benefit?

A That is correct.

Q And the third, the private purchase was usually based on some industry involvement?

A Yes.

Q And the report, this Mr. Dixon, isn't your report, but it was made available to your department in answer to some questions that were asked yesterday, on page 8 of that provincial report it shows that 139 people took or graduated from the course that the province operated?

A That is correct, 139.

Q And 79 were retained by McIntyre?

A Yes.

Q And this report was made mid 1972 I think is the date that was given, July 31st, 1972. Appended to that report and also provided to you so that you could consider your position or your proposed involvement was a miner training program expansion recommendation prepared by McIntyre Porcupine which is appendix A and is dated May 31st, 1972?

A Yes.

Q And you have handed that document Section 9 of your

2-SS-3

G. L. Dixon - Stevenson Ex.

Q (Cont.) submission, the Exhibit that we have in front of us, Exhibit 24?

A Yes.

Q That proposal was basically designed to increase the training of underground miners?

A Yes.

Q And on the basis of the information that was given to you by the province and McIntyre and your own examinations, you decided to go into the program in late 1972?

A That is correct.

Q Now, we have been told of the layoff in the McIntyre's operations that occurred in January of 1973, in January - February, 1973. What involvement did this bring your department into?

A A branch known as the Manpower Consultants Service entered into an agreement with the representatives of the employees, the unions, the company and the province of Alberta to assess the overall situation, the numbers of people, the skills involved in the layoffs and to seek ways for a quick adjustment in employment in either other locations or in Grande Cache, if possible, and for those individuals who lacked transportable skill, the possibility of further training to make them more employable.

Q And you set up a special assessment committee in cooperation with these others to deal with the problem of the layoff?

A That is correct.

Q And I take it that the only direct cost - let me correct that -

2-SS-4

G. L. Dixon - Stevenson Ex.

Q (Cont.) I take it that the cost that has been given us thus far of moving employees out, that figure that you gave to us earlier of moving employees out of Grande Cache is in the order of \$105,000.00 for 107 relocation grants was as a result of the operations of this service?

A Certainly a good percentage of those moves took place as a result of recommendations by the committee. Some, in the early stages, would have taken place because the individual presented himself to the Canada Manpower Centre and they were able to help him find employment elsewhere.

Q And would there be any other direct costs of federal government in relocation?

A In relocation?

Q Yes?

A No.

Q That you are aware of?

A No, not that I am aware of.

Q I did want to go back to one thing in Exhibit 24, page 13 Mr. Dixon. On page 13 there is a resume of work that was done in overseas recruitment or reported in overseas recruitment and you state at the second paragraph that 'during 1970, approximately 100 workers were processed in England for guaranteed employment by the company'. Now I take it that that is, when you say 'processed' from the point of view of your department, that was granting them landed immigrant status?

A That is correct.

2-SS-5

G. L. Dixon - Stevenson Ex.

Q And was granting them landed immigrant status dependent upon the permanency of the job to which they were coming?

A Yes, it is one of the prime considerations in granting admission to Canada as a landed immigrant.

Q And you go on to say 'altogether about 200 British mine technicians and miners, the majority of whom were married and brought their families with them, arrived in Grande Cache between 1969 and 1972'.

A That is correct.

Q 'And as of December 1972, of the total payroll of about 600 hourly paid workers, 120 were from the United Kingdom and in January of 1973 there were 102, and in March of 1973, 67', that would be your counts?

A That is the best estimate that we have.

Q And all of the people that were granted landed immigrant status that were referred in this resume would have been expecting permanent employment in Canada, is that correct?

A Well, what their expectations were I can't say but certainly the department ---

Q --- I am sorry ---

A --- our expectation was that it was permanent employment.

Q I understand. And there would be no direct expenditure of the department unless some assisted passage loans weren't repaid?

A That is correct.

MR. STEVENSON:

Those are all the questions I

have, Mr. Dixon.

2-SS-6

G. L. Dixon - Stevenson Ex.
- Sabey Ex.

MR. CRUMP:

Mr. Sabey, have you any questions

of Mr. Dixon?

MR. SABEY EXAMINES THE WITNESS:

MR. SABEY:

Mr. Chairman, that is a

formidable brief that I have just had put on my desk and ...

MR. STEVENSON:

Likewise, I am sure.

Q MR. SABEY:

These figures that we have

just talked about, Mr. Dixon, those are figures of persons
that have gone through your office?

A Which figures are you referring to?

Q These figures of the United Kingdom employees on page 13?

A Yes.

Q These figures do not reflect those who may have become
employed directly without going through your offices?

A The figures that we are speaking of there, those remaining,
to the best of our knowledge, on McIntyre Porcupine's
payroll as of those dates.

Q Yes.

A Now I suppose if you subtract that from the original total,
then you have a notion of how many people have left
Grande Cache.

Q Well sir, my point is that some United Kingdom miners have
left McIntyre in Grande Cache?

A Yes.

Q Have all of them returned to England?

A Oh no.

Q They have obtained other employment elsewhere?

2-SS-7

G. L. Dixon - Sabey Ex.

A Oh yes.

Q In Canada?

A Yes.

Q Is it conceivable, sir, that there have been United Kingdom personnel who had employment elsewhere in Canada who then came and sought employment directly in Grande Cache?

A It is certainly conceivable.

Q And they wouldn't be reflected in these figures?

A No, that is correct.

Q That is the point that I wanted to make. Sir, have you compiled any statistics which indicate how many of your referrals actually attend for interviews to seek employment?

A Well, the only statistics that I have at hand are those that are shown here. If we went back to individual situations, then we do record who in fact appeared for an interview.

Q Well sir, may we take it that all of those 336 referrals on page 5 actually sought employment?

A No, we couldn't.

Q Yes.

A Conclude that.

Q And in your history you haven't compiled statistics which would give us some indication of how many of those we could reasonably have expected to have gone?

A No. We know for sure that the number that were hired went ---

Q --- 184 ---

A --- Yes.

Q But the remainder, we don't know?

2-SS-8

G. L. Dixon - Sabey Ex.

A We could know but we don't have that figure at hand.

Q Yes. And just to be clear, you don't have any statistics based on general experiences that would be applicable to that, that you could help us with today?

A Well, it depends on the point in time and the location. If we take a national figure, I suppose we generally consider that 2.7 referrals result in a placement and the 1.7 in that is contained of people who are not acceptable to an employer or people who don't go.

Q But that doesn't deal with how many - well, that includes two categories, those who are not acceptable and those who don't go?

A Right.

Q And I am directing my question to those who don't go.

A No, I couldn't tell you.

Q Thank you very much, Mr. Dixon. Sir, I just want to be clear on one other point, you refer to the payment of \$275,000.00 for the relocation which were paid to the employees. That was over a three and a half year period, from early '70 to June of '73?

A That is correct.

Q Yes. Now sir, you referred also to this contract for the proposed training of 48 trainees for 40 weeks which would have cost the department \$201,000.00. That contract was cancelled?

A It was cancelled.

Q And the \$201,000.00 was to have been the contract price,

G. L. Dixon - Sabey Ex.

Q (Cont.) had the contract been performed?

A That is correct.

Q And the same would be true, sir, of your comment on the T.I.I. proposal that was also cancelled, I think that that was going to cost the department \$22,000.00, if I can just find that sir?

A You are very close to the ---

Q --- I am sorry, it was going to cost the company twenty-two, it was going to cost the government \$11,000.00 and that was cancelled?

A Well, we couldn't say that it was going to cost. We would have entered into a contract as a commitment to pay if all things happened as they would, but as you will notice from some of the figures, the contract value with McIntyre Porcupine was considerably higher than what was actually paid for those training sessions that did take place.

Q Well sir, I haven't had the benefit of reviewing it so I don't know, but the point is that this contract proposal was the estimated cost of \$11,700.00?

A That is correct.

Q And that was for the, had the contract been performed?

A That is correct.

Q And the contract was cancelled?

A That is correct.

Q Sir, have you any figures, from your experience generally, which indicates the annual turnover of the labour force in the coal mining industry?

2-SS-10

G. L. Dixon - Sabey Ex.
- Patching Ex.

A No, I don't. There is the Richardson study in here and a variety of others that draw different conclusions I believe but I wouldn't hazard ---

Q --- I take it there is no consistent ---

A --- No, it depends on the point in time, the geographical location, the community facilities, a variety of factors.

MR. SABEY: Thank you, Mr. Dixon.

MR. CRUMP: Mr. Stevenson?

MR. STEVENSON: Nothing arising out of that.

MR. CRUMP: Mr. Patching, have you any questions.

MR. PATCHING EXAMINES THE WITNESS:

Q Can you clarify this for me? We heard earlier of a grant for location of miners in the order of \$1,000.00. Was this \$1,000.00 provided by Canada Manpower or by the company?

A Well, if an individual qualified for assistance under the Manpower Mobility Program, the costs of removal of he and his dependents and his household effects and the cost of, in some instances going to look for a house by way of an exploratory grant and an actual relocation, re-settlement grant of \$100.00 for the worker, \$100.00 for his first dependent, \$200.00 for the next two dependents and \$100.00 for any number of dependents beyond that, so the figure would vary. I suppose it would be a good average figure to use \$1,000.00 but certainly they vary with the number of dependents.

Now if the mine, or if someone else contributed to

2-SS-11

G. L. Dixon - Patching Ex.

A (Cont.) removal, I would have to assume that it would be in those instances where those people did not qualify for mobility assistance.

Q I am wondering then whether most of the grants which we have heard reference to earlier in the sessions were provided then by Canada Manpower or whether they did come from the company ultimately?

A I am sorry, I can't help you there sir. The only ---

Q --- Is there any policy that you have of sharing the costs of bringing in working people with the company that is hiring them?

A We have exceptional cases in parts of Canada where there is a very high turnover rate, where the cost to Canada is exorbitant and where we do enter into an agreement with the employer where he would offset a percentage, share the costs with Canada.

Q Did this exist in the case of McIntyre?

A It did not but it does now.

Q Perhaps it shows in the report that you have tabled, you may see it later, but can you give us any total figure on the cost to Canada Manpower of bringing in labouring people and training them at McIntyre?

A I haven't done that particular addition, sir, but I certainly could. There is another factor that you may wish to consider, and that is that allowances paid to devout trainees are not included in this segment that we refer to as 'private purchase'. These are institutional costs that

2-SS-12

G. L. Dixon - Patching Ex.

A (Cont.) we are speaking of, the cost of actual training, but allowances are paid to an adult, again based on the number of dependents he has.

Q Will those totals be shown in this report?

A By program they are, that is by different program segment. There is no complete totalling up of all the programs though. The cost of training allowances is not shown anywhere in the report. The only thing we could do is estimate unless we did a document search of each individual trainee to see how much was paid to him over a period of time, and I'm sure you will understand that that will be a very lengthy exercise, but we generally estimate that the training costs are paralleled very closely by the allowance cost. They run around 10 to 12 dollars a day per trainee, so if we had 40 trainees, we would presume \$400.00 a day in allowance cost.

G.L. Dixon - Patching Ex.
- Graham Ex.

Q This is over an eight week period, thirty week or whatever it is?

A That's correct. Yes, I do believe that this was a course of eight weeks that we were talking about, I do believe.

MR. PATCHING: Thank you.

MR. CRUMP: Mr. Graham, have you any questions?

MR. GRAHAM EXAMINES THE WITNESS:

Q I have one question here on the purchase programs. This would be available from practically all of the programs of A.V.C., Provincial Government, would it or would it not?

A Well, with, we're limited in the length of time that we can train an individual. A course purchased cannot exceed fifty-two weeks. It cannot lead to university credits; that type of thing but generally - no, I couldn't say that every course that's available through A.V.C. in Alberta can be purchased through this program because they can't. We negotiate with the Province of Alberta, within the confines of the Federal-Provincial Manpower Needs Committee. A joint assessment of the real needs of the labour force or the labour market and how they can best be satisfied and generally it's through short term training for immediate skilled development as opposed to long term training.

Q Well, I was thinking specifically of the training programs that A.V.C. have instituted in respect to Grande Cache?

A Yes.

Q Now, those programs could have been purchased through the Federal Department?

G.L. Dixon - Graham Ex.
- Stevenson Ex.

A They could have been.

Q Because they were short term programs?

A That's true, and in fact we did purchase many programs in that area that weren't specifically deemed to, slanted to McIntyre Porcupine.

Q Your program is an industry wide program?

A That's correct.

MR. GRAHAM: That's about everything I wanted to ask.

MR. CRUMP: Thank you, Mr. Dixon. You have been very helpful.

MR. STEVENSON: Mr. Chairman, could I clarify one point?

MR. CRUMP: By all means.

MR. STEVENSON FURTHER EXAMINES THE WITNESS:

Q For which programs did you offer training allowances, which kinds of programs would Canada Manpower obligate themselves for training allowances?

A Those courses conducted in institutions.

Q Which would be the A.V.C. one?

A That's correct.

Q That's fine.

A Just by way of further clarification, in the other instance it's a wage reimbursement, the industry based programs.

Q Which you reimburse to the company?

A That's correct.

Q Which would be reflected in the figures we have?

A That's correct. That's true.

MR. CRUMP:

In view of the questions from the Commissioner, Mr. Sabey, is there anything you wish to bring out?

MR. STEVENSON:

I think I could say to Commissioner Patching, that if we wanted to clarify it - I understood the witness to say that the \$1,000 grant or these relocation grants were only available in Canada and the evidence that we had earlier in connection with payments was to miners coming from the United Kingdom with the exception of the one mix up in the one witness, is my recollection, who was supposed to get a Canada Manpower grant from Nova Scotia and didn't because he wandered on to Calgary and sought some employment there.

MR. CRUMP:

Does that satisfy you, Mr.

Patching?

MR. PATCHING:

Mostly.

MR. STEVENSON:

On that point.

MR. CRUMP:

Well, thank you very much, Mr. Dixon. You may stand down. We'll take this opportunity, gentlemen, of breaking for the fifteen minute period before calling our next witness.

(Hearing adjourned at 11:00 a.m.)

D. Strang - Stevenson Ex.

[The hearing resumes.]

DONALD STRANG, sworn, examined by Mr. Stevenson:

Q You are Mr. Donald Strang?

A Yes.

Q You are the director of finance and administration for the Department of Health and Social Development?

A That's correct.

Q Mr. Strang, how long have you been the director of finance and administration?

A Two years.

Q And I understand that prior to that you were engaged in finance and administration in private enterprises?

A That's correct.

Q Now, we asked you to obtain information from the Department's records as to Provincial expenditures in Grande Cache. I understand that your Department, as distinct from the Hospital Services Commission, has no capital investment in the community.

A That's correct.

Q And that there are community health services provided in the community under the Edson Health Unit; is that correct?

A That's correct, sir.

Q And the Province makes a grant to the Edson Health Unit?

A They make a grant calculated on a per capita, number of people in the Edson area, and included in that is the Grande Cache area.

Q The Health Unit's expenditures would, I take it, be partly met out of local revenue and partly out of grant?

D. Strang -Stevenson Ex.

A Up until the current year they were met on a basis of about forty to forty-five percent from Provincial revenue and the balance would be met by the local Edson revenue. On January the 1st 1973 there was a change in the regulations in Alberta, and the Province now assumes the full cost of the Unit.

Q So that from now on the Province will be paying the full cost of the Health Unit?

A That's correct.

Q Up until now part of it has to be borne by local taxes?

A That's correct.

Q I understand in the year 1970/71 you estimate, and you can only do this on an estimate of the population and the grant to the Edson division, you estimate that the direct Provincial investment in the Health Unit by way of grants was \$5,240.00?

A That's correct, based on a pro rata portion of an estimated 2,000 population in Grande Cache area.

Q In 1971/72 the grant was how much?

A \$9,889.

Q And in 1972/73?

A \$12,438.

Q Now, I take it that that is based on a population of 3,400?

A Yes.

Q And your estimate for 1973/74?

A The estimate for the current year was made last October when we made the estimates on the fiscal year of March 31st 1973 till March 31st 1974 on a basis of 3,580 persons. Our intention of doing this year was to spend \$32,435.

Q This is with a hundred percent Provincial support?

3-LL-3

D. Strang - Stevenson Ex.

A That's correct.

Q Prior to this year there would be a local cost included in the local budgets?

A Yes.

Q And I take it there was one special grant made in 1971/72 of \$10,000 approximately?

A Yes, this was for the treatment of an outbreak of tuberculosis.

Q Now, this is no different in form from the grants given to other communities?

A No, this is exactly the same. All communities in Alberta are calculated on the same basis - the general grant on a per capita basis; on a dental program, which is also calculated the same way, and in some cases there are additional supplemental grants. All areas are treated the same.

Q There is no special treatment given to Grande Cache or new towns?

A There is none, sir.

Q Now, you also operate a social development program in the community, and that's broken down under different departments or different services. I take it that you have what is called a Director of Social Services or Director of Preventive Social Services stationed in Grande Cache?

A There is one.

Q And in 1970/71 the cost of that operation was \$11,000?

A Yes, that's correct.

Q And in 1971/72 \$22,000?

A Yes, that included also in addition to the Director in Grande Cache in 1971/72. There was also a research program

3-LL-4

D. Strang - Stevenson Ex.

A (continued) that was funded from the Province of approximately \$9,000.

Q That was an extraordinary expenditure?

A Yes, it was.

Q In 1972/73 \$17,000?

A Yes.

Q In 1973/74 almost \$22,000?

A This is our estimate for the current year.

Q And there was a parent-child development program 1972 to 1974 in the order of \$22,000?

A Over the two year period it has developed to \$15,000 per annum.

Q And leadership training, roughly \$14,000 1972/73 and 1973/74?

A Yes. This is a new program as well as the parent-child development. That is proceeding and continuing right now.

Q And community development volunteer services 1973/74 \$1,000?

A This is just now starting and has been approved at a very low level.

Q Are those programs ongoing programs that are likely to continue from year to year?

A All of these programs are ongoing, and it is the intention of the Department as we now see it that they will all continue.

Q Are these based on population or is it a need that is found in any community?

A They are based on needs that have been assessed by the

3-11-5

D. Strang - Stevenson Ex.

A (continued) Director of Preventive Social Service Program. It is his job to locate these needs in various communities in the Provinces in which it is located, and in consideration with the municipalities in which he is living, they approve these projects and come to the Provincial, the Department of the Province in order to get additional support.

Q There is also some money expended in public assistance in the Grande Cache area, but you cannot I gather say this is in the Town, it is in that community?

A Yes. It is in the total community. We do not keep figures that would just identify those costs specifically to the Town area.

Q That's \$36,000 in 1971/72?

A Yes.

Q \$45,000 in 1972/73?

A Yes.

Q An estimate of \$52,000 in 1973/74?

A That's correct.

Q I think, Mr. Strang, there's no way of identifying how the need for that public assistance arises?

A Yes, there are several categories that these needs are determined. We have a regional office there of the Social Assistance area, and when some person is in case of need, they come to the office and make application and they are processed through the Department as is any other regional office.

Q Is the amount of public assistance expended in Grande Cache

3-LL-6

D. Strang - Stevenson Ex.
- Sabey Ex.

Q (continued) disproportionate to its population or
is it in line to its population or can you say?

A I really can't answer that. We have not looked on that basis,
but I don't believe it is disproportionate because we have
one person working there, one administrator and one clerical
person working with the administrator, which is not excessive
for a town of this size.

Q And that's an ongoing program, public assistance?

A That's correct.

Q And you also operate your regional office there and it's
cost of operation was \$23,000 in 1970/71?

A Yes, sir.

Q And \$31,000, almost \$32,000 in 1971/72?

A That's correct.

Q And almost \$19,000 in 1972/73?

A Yes.

Q And you estimate 1973/74 to be \$20,000?

A That's correct.

Q And again, is that an ongoing expenditure for that size of
a community?

A This regional office is administration cost of providing
public assistance that you quoted just earlier.

MR. STEVENSON: Those are all the questions I have.

MR. CRUMP: Mr. Sabey?

MR. SABEY EXAMINES THE WITNESS:

Q Mr. Strang, I just want to be clear on the public assistance.
I see your figures show that it is made up of eight percent

3-LL-7

D. Strang - Sabey Ex.

Q (continued) and five percent volume increase for the years, for the present year.

A Yes. At the time we made these estimates in September and October of the previous year, we could only go by the estimates of the people that are working there and the administrator in the regional office. This was the basis on which it was calculated.

Q Does that mean then that there has only been a five percent volume increase of public assistance?

A That's our projection at the time we made it last fall.

Q And has your experience confirmed that projection?

A There has been no significant increase in public assistance cases since, during 1973 whatsoever.

MR. SABEY: Thank you very much.

MR. STEVENSON: Nothing arising out of that.

MR. CRUMP: Mr. Patching?

MR. PATCHING: No.

MR. CRUMP: Mr. Graham?

MR. GRAHAM: No.

MR. CRUMP: I have only one question, Mr.

Strang. I don't know whether this is of a confidential nature. If so, don't answer it. Pertaining to the nine thousand dollar research program at Grande Cache, can you indicate the nature of that? As I say if it is of a confidential nature, don't answer it.

A I'm afraid I don't know the details of it. I can't help you, Mr. Crump. I can get the details for you if you wish. But it was three years ago, the previous year, and I did not get the details.

3-LL-8

E. Mitchell - Stevenson Ex.

MR. STEVENSON: Perhaps you could provide it to me, Mr. Strang, in due course and, unless it is confidential, I can make it available to the Commission.

A I will do that.

MR. CRUMP: I think it might be of interest to the Commission. It is not a large item. I have no other questions, Mr. Strang. I want to say it is the opinion of the Commissioners that the experiment is successful.

Thank you very much for coming,

Mr. Strang. [Witness retires.]

MR. STEVENSON: Mr. Mitchell.

EUGENE MITCHELL, sworn, examined by Mr. Stevenson.

Q Mr. Mitchell, your name is Eugene Mitchell?

A Yes, that's correct.

Q You are an Executive Secretary of the Alberta Federation of Labour?

A Right.

Q And the Alberta Federation of Labour has made a submission to this Commission. I show you a document. Is that the submission of the Alberta Federation of Labour?

A Yes.

MR. STEVENSON: We will mark that as Exhibit 25.

SUBMISSION OF THE ALBERTA FEDERATION
OF LABOUR MARKED EXHIBIT 25.

Q MR. STEVENSON: How long have you been an Executive Secretary of the Alberta Federation of Labour?

A Three years.

Q And I take it that for two years prior to that you were

3-LL-9

E. Mitchell - Stevenson Ex.

Q (continued) assistant Executive Secretary?

A That's correct.

Q And prior to that you have been engaged in as an organizer for the oil, chemical and atomic workers?

A Yes.

Q The Alberta Federation of Labour represents a number of affiliates or associated trade unions; is that correct?

A That's correct.

Q And your brief indicates there to be a number of some sixty-five thousand trade union members. Is that the bulk of the unions operating in this Province?

A Yes.

Q But it is a voluntary association; it is not compulsory for you to belong?

A No, it is voluntary. The Federation is made up of affiliates that are also part of the Canadian Labour Congress.

Q Now, Mr. Mitchell, one of the submissions that you made in your brief is there should be greater Provincial involvement in the operations of the McIntyre Porcupine with which this Commission is concerned. What do you believe justifies that greater Provincial involvement? What is your submission as justifying that greater Provincial involvement?

A I think we have to go back to the beginning of the establishment of the mining operation in Grande Cache, the establishment of the Town, the building of the railway, all of the problems that have occurred since that time. I suppose the thing came to a head in January when McIntyre Porcupine announced a massive lay-off and the closure of number 5 mine.

3-LL-10

E. Mitchell - Stevenson Ex.

A (Continued) Certainly we questioned the management of the operation in there. I think the members of the public were questioning it. I suppose that's why this Commission has been established.

Q Was it simply on the basis of the lay-off or something behind that that you put forward for our consideration?

A I think we have to look at the total operation, the resource development in this Province and in particular coal. You see coal as being a - certainly one of the major energy sources in the future. It is an industry that has been revived. The public expenditure into Grande Cache - I haven't got the figure, but I suspect it's in the many millions of dollars, whether it's through the, most of it through the Provincial Government, much of it has - a sizable amount has been put in by the Federal Government through Manpower. The public investment it would appear was far greater than that of McIntyre Porcupine.

E. Mitchell - Stevenson Ex.

Q You mention in particular the railroad, Mr. Mitchell?

A Yes.

Q Do you have any information to indicate that the railroad was directed towards or financed because of the McIntyre coal mining operation or proposed operation?

A We believe it was. The railway has not been used for any other purpose. In fact, the initial investment which was to be somewhere in the neighbourhood of thirty to \$40,000,000.00 has turned out to be something like \$130,000,000.00.

Q But it serves the mine, you are aware of that?

A We realize that but it hasn't really served any useful purpose.

Q What about McIntyre's management, do you make a specific criticism of it?

A Yes, we do.

Q In what regard?

A I, in speaking to the miners that are employed at Grande Cache, we certainly get the opinion that at least in the miners' minds that there has been mismanagement. We are concerned about the losses, the financial losses that have been incurred. The safety factors that have been a real source of dispute, we have seen workers in many cases having wildcat strikes because of the conditions in mines.

To us, this is all part of management, and unsafe practices in mines goes along with probably inefficient operations that in turn are going to end up with financial losses.

3-SS-2

E. Mitchell - Stevenson Ex.

Q Was the federation extensively involved when the layoff was made in January and February of this year?

A Very much so. We met almost immediately with the executive of the Local Union of the United Steel Workers in Grande Cache, and in turn made representations to the Provincial Government and in fact requested that this inquiry be held.

Q What was the attitude of the labour force in Grande Cache at the time of the layoff?

A I think there were a lot of, there was anger, disillusionment, People who had got into Grande Cache with great expectations for long term employment saw all of these expectations shattered. In fact, I think it was only as a result of some cool heads in the United Steel Workers and the leadership of the Local Union at that time that kept the situation under control as much as it was, because in our opinion, the workers in the mines were prepared to shut everything down in that town.

Q You say that, in your brief, that undoubtedly the mining operation would become profitable. On what do you base that conclusion?

A Well, there has been upwards revisions in the prices of coal, contracts with the Japanese interests. This would probably indicate that it would put them on a better financial basis for the price they are receiving for coal. I think we have to look at the long term energy needs in this country and across the world, I think the demand for Alberta coal is going to increase. We would, you know, this is only an

E. Mitchell - Stevenson Ex.

A (Cont.) opinion at this time, I guess the future will bear it out, but it would appear that this industry has, will certainly move forward. McIntyre Porcupine, along with the rest of the mining operations, should become profitable ventures.

Q What do you see the government doing in realizing that profit differently from what McIntyre would do in realizing that profit?

A Well, we would propose that the Provincial Government in fact take over the operation of the mines. I think this is certainly justified when we look at the history of the operation in there. The mass of public investment which we doubt will ever be recovered, and certainly no hope of ever recovering it under the present circumstances wherein McIntyre does end up with a profitable operation, the profits are going to go to the company, and we suggest that the future profits of that corporation should accrue to the province and that future profit should be paying off the debt that has been incurred by the public.

Q You would suggest that McIntyre should forfeit the investment that they have there now?

A Yes.

Q On the basis of their management?

A Yes, I would say that.

Q Now assume that the province does take over in one way or another, what can they supply that McIntyre's management can't supply?

3-SS-4

E. Mitchell - Stevenson Ex.

A Well, we would hope there would be an efficient operation set up in there, and I think in a community such as Grande Cache, which is in an isolated area, you have to take into consideration the needs of the people in the community, the development of the community as well as the mine operation itself, and I think the total thing has to be taken into consideration.

Q If the government took it over to run it as a business enterprise, what expertise, resources, would they have that aren't available to McIntyre?

A Their resources probably wouldn't be that much different. Whether it was the government that owned the mine or McIntyre, the government would go out and hire the expertise to run the mine. McIntyre has that available to them too, but when we look at the history and the turnover, not only in the work force but in the management personnel, we seriously question whether there has been proper management of the mine.

Q You are relying on the demonstration from the past?

A Yes.

Q Now you indicate in your brief that you are opposed to the change towards some more strip mining. What is the basis of that, is that an ecological consideration or an economical consideration or both?

A I think both. At the time the mining operation was started, there was no indication at that time that there was to be strip mining operations. It was right after the closure of number 5 mine that the company in turn made an application to

3-SS-5

E. Mitchell - Stevenson Ex.

A (Cont.) extend strip mining operations.

Q There was some strip mining before?

A I said they made an application to extend it.

Q I see. You know, we wondered, we questioned whether or not this is just a move to eventually put the whole operation into strip mining and close the underground mines completely. I think the citizens of the province have to be concerned in this operation and there should be a lot of thought given into the type of operation that goes in there.

I think we have to think about the environment, the damage that it would do because of strip mining. There have been some very bad experiences with strip mining operations in many parts of the world. The strip mining operation will certainly employ far less people than underground mining, and we look at the community of Grande Cache and there is concern today about the population of the town which is only about half of what it was projected to be. More underground mines closed, this would be less employees, and consequently the community will suffer.

Q Was there some, or did you understand there to be some commitment that the mining would be underground mining as distinct from surface mining, or a great proportion of it underground mining?

A Well, we would really like to know what the commitment was. We don't know what commitment was made by, between McIntyre Porcupine and the Provincial Government at the time the operation went into effect, and even for the long term.

3-SS-6

E. Mitchell - Stevenson Ex.

Q Are you aware of any commitment made to employees that indicated that it was going to be basically an underground operation as distinct from a strip ---

A --- Yes, the indication was that the employees understood this to be an underground operation, and they were promised 15 years of work and more, but this just hasn't borne out. You know, we really questioned the responsibility of the company towards the work force when they can close down an operation without, with no advance notice whatsoever.

Q What you tell us then with respect to that commitment is what you think was told to certain miners who were employed?

A Yes.

Q Are you aware of any commitments made by the government to the public with respect to this operation that have not been carried out?

A No, I am not aware of exact commitments. In fact, we aren't sure, and we would really like to know what commitments were made. I think we have to question if the commitments were made on the part of the government in regards to building the railway at that time. The government commitment that was made in regards to establishing the town, the assistance that has been given to the company in that area. We don't know what the commitments were.

Q You expect there should have been some?

A I would suspect there was some made.

Q For example, was there anything in the nature of a commitment with respect to there being no layoffs, some assurance of long

3-SS-7

E. Mitchell - Stevenson Ex.

Q (Cont.) term employment that the federation is aware of?

A Commitments to long term employment?

Q Yes?

A Well, this is, we haven't any specific statement by the government that there will be, I think the time of the announcement of the opening of the mines and the establishing of the town was a long term venture, it was long term contracts made with the Japanese and the forecast for the future was for more.

Q I suspect. ---

A --- We know that in the recruitment of miners within Canada and outside of Canada, that the people were promised long term employment, and the company at that time was telling the people they had a minimum of 15 years' work.

Q I suspect there were some pretty glowing statements made at the time the mine was opened and operations commenced to suggest to people and your unions actually relied on those kind of statements?

A I think a lot of people did, very much so. You get the other side of the coin where some people were skeptical, you know, and wondered really what is going on, and the first announcement, the original announcement by the government to the Alberta Railway to resources, to the people, the people of Alberta at that time were led to believe that this was going to open up a whole new area of the province and that the McIntyre Porcupine venture was only the beginning of great new things to come, great industrial

3-SS-8

E. Mitchell - Stevenson Ex.

A (Cont.) development. We haven't seen that.

Q What people have suffered by failure to carry out those promises or assurances, I can see the people you complain about with respect to the town, or the McIntyre operation ---

A --- Yes ---

Q --- but the other promises or assurances or representations?

A You mean outside of the people who live in Grande Cache and work there, the rest of the population in this province?

Q Yes.

A I think there has been a fantastic public investment in that whole operation, in the establishment of the town. When public funds are going to be used to this extent, then I think the public should, through the provincial government, should certainly have some control over the operation.

Q Our terms of reference direct us to consider the economic viability of the mining operation at Grande Cache, the McIntyre operation at Grande Cache. Is the solution that you see for ensuring the viability of that mine, is the only solution that you see for ensuring the viability of that mine government involvement in one form or another?

A Yes, that is the way we see it, yes.

Q And I take it from what you said earlier that you point to past performance as justifying that statement?

A Well, we, this is all we can base our judgment on at this time, we certainly can't foresee the future.

Q I take it that you are not in a position to say from studies that you have conducted or investigations that the federation

3-SS-9

E. Mitchell - Stevenson Ex.

Q (Cont.) has made whether you can lay the blame for the problems in Grande Cache on inadequate markets or inefficiency of production, you say there was obviously something wrong in that operation?

A Yes, it is obvious there was something wrong. We don't have all the answers. Really, all we can do is raise many of the questions that ... we certainly appreciate the task that the commission has before it in coming up with the answers. We wish we had more answers for you.

Q What areas do you suggest that there were provincial commitments made in other than the Alberta Resources Railway and the statements made when the mine was opened, now I am looking for areas that we can research, Mr. Mitchell?

A Other commitments that were made?

Q Yes, by the government. Let's take the government first?

A Well, we would really like to know what all the commitments were. There have been indications that there were certain commitments made by the past government that haven't materialized. There have been indications that there were certain commitments made by the Chamber of Commerce that the commitments had been made by the past government that haven't been carried out by the present government.

Q Do you know what commitments you are referring to there?

A No, I don't know what the commitments were, you know, what we do is ask, what were these commitments, if any? Were there any commitments on the building of the highway into the Town? We wonder if there was any thought given into providing

3-SS-10

E. Mitchell - Stevenson Ex.

A (Cont.) transportation from that community to the outside.

The cost of living in Grande Cache has certainly been a problem with the people living in that community. The medical facilities, particularly in the field of dental care, has certainly been inadequate.

Q Do you think there may have been some assurances and promises in that regard as distinct from failure to perform?

A Well, we would like to know if there was, what was the overall plan for the development of that community?

Q Now, what about the company itself, apart from what the miners were told when they were being recruited, which we have had, where do you think commitments were made or what areas are we supposed to be looking at that concern you?

A I think we have to look at the safety record, the number of deaths that have occurred since the mines went into operation. The workers' problems with safety matters are very numerous. We believe that the company certainly has a responsibility, and the major responsibility, in running a safe operation. However, the Provincial Government certainly has an equal share of the responsibility in this area because the regulations, the safety standards for the industry are established by the government.

Q Yes.

A The mine regulations, safety regulations are under review and it is our information that the new regulations won't be in effect probably for another year to 18 months. I think if you look at the regulations that are presently in existence,

E. Mitchell - Stevenson Ex.

A (Cont.) they fit the conditions for the industry that were in effect 40 years ago. Most of the, many of the regulations are applied to horses in the mines. We just don't think that they are adequate.

Q Do you see correcting them as improving the efficiency of the mining operation?

A Generally, Mr. Stevenson, a safe operation is an efficient operation.

Q Do you suggest that there were commitments or representations made by McIntyre in respect of the safety of the mine or is this just something that you assume?

A Representations made by McIntyre?

Q Yes?

A Certainly representations made by the union, and also through this federation, on changes and safety regulations. We haven't seen any submission that was made by the company.

Q Do you have any specific recommendations as to improving the viability of the town itself, other than as might be reflected in your brief?

A No, I really haven't anything further to add.

Q Or anything further in respect of the viability of the mine that we haven't discussed this morning or is reflected in your brief?

A No, I don't believe I have anything further to add.

Q And in respect to commitments either by government or by McIntyre Porcupine other than we have discussed this morning or as you mention in your brief?

3-SS-12

E. Mitchell - Stevenson Ex.
- Sabey Ex.

A No, right.

Q Basically you rely on the information that the steel workers provided, is that correct?

A Yes.

Q And you have raised a number of questions, but I take it that other than we have canvassed either in the brief or this morning, you are not able to tell us of representations or places where we might look for representations other than to raise these questions?

A Well, I think the commission certainly has the right to investigate the commitments that were, if any, that were made by the government or by the company. I believe the records of the company should be made available to the commission.

Q Oh, I accept that, Mr. Mitchell, I am just asking what further assistance you can give us in making this inquiry, I understand the questions that you have raised in this brief.

A I am sorry, you are looking for answers, I don't have all the answers, I have lots of questions.

MR. STEVENSON: That is all the questions I have.

MR. CRUMP: Mr. Sabey?

MR. SABEY: Well, I have a few questions.

MR. SABEY EXAMINES THE WITNESS:

Q Mr. Mitchell, you said that at the time the mines were opened or started, there was no indication that there would be any strip mining in the area?

A Yes.

3-SS-13

E. Mitchell - Sabey Ex.

Q Now can you tell me, no indications to whom?

A Well, this would be to the workers and the public announcements.

Q You are saying that there were representations ---

A --- I am not saying that - I beg your pardon?

Q Excuse me, I didn't mean to interrupt you sir.

A But it appears today that the total operation is eventually going to become a strip operation.

Q Well, that is your conclusion?

A Yes.

Q But aside from that sir, I want to go back to this, you say that there were no indications that at the time of the opening there was to be any strip mining. Now where, to whom were those indications given?

A The underground mines were open.

Q Yes?

A Miners were hired, underground miners were sought across this country and other countries.

Q Yes sir.

A And unless there were statements made to inform the public and the work force involved in there that that type of operation isn't going to remain, we are going to shut these down and we will go to strip operations, I don't think that the work force or the public can come to any other conclusion, it is going to be an underground operation.

Q So you are saying that there were just no indications, it wasn't that there was the representation that there would

3-SS-14

E. Mitchell - Sabey Ex.

Q (Cont.) be no strip mining, it is just that nothing was said about it?

A That is right.

Q Now are you sure of that?

A Am I sure there was nothing said?

Q Yes?

A Certainly if there was anything said, it certainly wasn't loud enough for any indication for the workers to understand this, or the public.

Q Sir, let me read you the evidence of Mr. Oakes who was one of the very first workmen who was hired. I'm reading at page 177 of the transcript of the evidence that was taken at Grande Cache, the question was put to him by Mr. Stevenson:

"Q What basic plans were given to you at that time?"

This is when he was interviewed in England prior to coming to Grande Cache in October of '69...

"Q Or what were you told about the work that you might come to?

A They told us there was a signed contract with the Japanese for 15 years."

I am sorry, I am in the wrong part, I am at the bottom of page 172, during this same conversation sir:

"Q Was there any indication of what kind of mining was going to be employed?

A There was an indication that they were going to use long wall mining.

Q Was there any indication of anything other than underground mining?

A I think in one of the brochures that it did mention something about strip mining but at that meeting it kept to the specific underground, that they were recruiting for underground miners."

Mr. Oakes knew about the possibility of strip mining, he was one of the workers?

A I accept that.

Q Does that surprise you?

A I accept that, it surprises me, I hadn't heard about it.

Q I'm sure you hadn't, sir. Now sir I take it that what you are suggesting is that you want the Government of Alberta to decide whether there should be any more strip mining permitted in this area, this is one of your recommendations?

A Yes.

Q So I take it from that sir you are not content to have the Energy Resources Conservation Board, the Department of Environment or the Department of Lands and Forests consider the future mining applications in Grande Cache?

A These are all part of the government.

Q Yes sir. Are you content to have them consider and decide whether or not there may be future strip mining in this area?

A Whether it is the Energy Conservation Board or the Provincial Cabinet, I am sure the people on the Energy Conservation Board are the people with the expertise to look into all of these.

Q Are you satisfied, sir ---

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E. Mitchell - Sabey Ex.

A --- and also the Department of the Environment. Are we satisfied?

Q Are you satisfied to have these people, these government people decide whether or not there is to be any future strip mining permitted in this area?

A We would probably be satisfied once there is a policy established and understood for the development of the resources in this province, especially along the foothills. In fact, there have been recent hearings on this very matter. They aren't complete, no conclusions drawn as to whether or not strip mining operations in the eastern slope of the Rockies should be allowed or not.

Q Let's get back to your recommendation for a moment, Mr. Mitchell. As I understand it, you have this morning recommended that one of the reasons that you feel the government should take over is because it should make the decision as to whether or not, in the future, there should be any strip mining in this area?

A Yes.

Q Now sir, I suggest to you that the government makes that decision now because that decision is made by the, by these boards that I have mentioned to. Now are you telling me you are not satisfied to have these boards do it, you want some other agency of the government to do it?

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A I didn't say that.

Q Well, aren't you saying that, sir?

A I'm saying that at the present time there is no policy for the development of the Eastern Slopes of the Rockies and until there is, I don't think that any Board can make a proper decision that there's, if there's no policy guidelines for them to follow --

Q -- So it isn't just that you want the government to take over, what you want is the government to make a policy decision now as to what they are going to do in the future?

A I think that's necessary, I believe that's necessary.

Q Well, Mr. Mitchell, I'm sorry, I don't follow what you are suggesting then. You want the government to make some policy declaration as to future strip mining in this area?

A Well, yes. I believe the government must have a policy.

Q I see. And you want them to commit themselves today to a policy that applies to the future?

A That's right.

Q How long in the future?

A How long into the future?

Q Yes?

A I imagine that coal is going to be there for many, many years.

Q No, how long do you want the government policy today to apply in the future?

A Indefinitely. Until there is good reason to change the policy.

Q A good reason in whose mind, sir?

A In whose mind?

Q Yes?

E. Mitchell - Sabey Ex.

A I suppose as we go into the future, things may change. We also have to take a fresh look at things.

Q Exactly, sure. And can't the Energy Resources Conservation Board and the Department of Environment and Lands and Forests do that same thing in the future? Can't they take each application as it comes and look at the circumstances as they exist at that time?

A I suppose they can.

Q Well, why do we need a policy today?

A Why do we need a policy? In what framework then does the Energy Conservation Board or the Department of Environment work, if there is no policy?

Q Why do we need a policy today that restricts the future activity: that's what you're advocating?

A I think we have to be concerned about the future development of this resource.

Q Speaking of concern, you expressed concern about the possible abandonment of the underground mining for strip mining. When you were getting this information from the steel workers, didn't they also advise you that at the time of the lay-off, the company told them that the No. 2 mine was to remain open?

A Yes.

Q But you didn't believe that?

A Right now I don't know what to believe.

Q I see. Thank you. Now, sir, at page 4 of your brief - do you have a copy of your brief?

A Yes.

Q As an example of inefficient management, you say that - it's

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E. Mitchell - Sabey Ex.

Q (Continued) in the middle of the page, sir.

"One example, that has been brought to our attention, is the fact that the equipment purchased by McIntyre Porcupine was for level seam mining and was not designed for the irregular seams that are found in the Grande Cache area."

Is that equipment that you referred to, long wall mining equipment?

A I don't know if it's long wall.

Q What is the equipment that you're referring to, sir?

A The equipment that was bought and the information we get is that these mining machines are sitting idle and have been for a long time.

Q In a scrap heap?

A Yes, in fact they are.

Q And is this the equipment that was bought in England?

A I don't know where it was purchased.

Q So you can't tell me what you mean when you say that they bought some equipment that wasn't appropriate for this area?

A Sir, if you want where it was purchased and the exact equipment, I'll give this information to you.

Q I don't want the exact equipment. I just want you to tell me what equipment you're referring to. Are you talking about long wall equipment there or are you talking about continuous--

A -- This is mining equipment. I don't know whether it was the long wall or the continuous.

Q In any event, sir, you're talking about equipment that was

E. Mitchell - Sabey Ex.

Q (Continued) purchased, was tried out, has been abandoned and has been put in a scrap heap?

A Yes.

Q And you say it was inappropriate for them to even try that because that just isn't suited for this mining area?

A Well, we look at the fact that there is very expensive equipment sitting there idle.

Q Yes, sir. And are you saying that it was inappropriate, it was inefficient management to even try it, is that what you're saying?

A Well, it would seem that the management should have known what type of equipment was suitable for that area.

Q And you're criticizing them for having tried it?

A I'm questioning it, yes.

Q You give that as an example of inefficient management?

A All right.

Q Now, do you or do you not say that they should have known better?

A Yes, I do say that.

Q Now, sir, you have indicated this morning that the enforcement of these safety regulations is up to the government and you have indicated in the brief that it's up to the government, it's also up to the company of course?

A Yes.

Q And it's also up to the miners themselves?

A Absolutely.

Q Sir, you note there are doctors and there is a hospital in the Town but you point out the need for dental --

E. Mitchell - Sabey Ex.

A -- Yes.

Q -- services?

A Yes.

Q You're aware of the government investment in the hospital?

A Yes.

Q And you're aware that the company contributed a quarter of a million dollars to that hospital for their employees?

A Yes.

Q Perhaps your unions would now like to make some contribution for its members by getting a dentist in there. Have you considered that?

A No.

Q Sir, at page 6 of your brief, you talk about concessions given to McIntyre Porcupine?

A Yes.

Q What concessions were given by the government to McIntyre Porcupine?

A Well, we'll start off with the railway.

Q Yes?

A The royalty on coal in our mind, is totally inadequate.

Q Yes?

A All of the training programs that were put on through direct cost to Canada Manpower, out of the public purse.

Q Yes?

A These are three of the major ones that comes to my mind.

Q Let's just talk about those. When you say "concession" in the railway, what precisely do you mean? What was the concession there?

E. Mitchell - Sabey Ex.

A Sir, that railway was built at the expense of the people of this province.

Q Yes, sir?

A And the main beneficiary is McIntyre Porcupine.

Q That's your conclusion, is it?

A Yes.

Q But are you saying that was done then as a concession to McIntyre Porcupine or are you saying that it has resulted in a benefit to McIntyre Porcupine?

A It certainly resulted and if McIntyre Porcupine and the mining operation hadn't started in there, there wouldn't be any need for a railway.

Q Sir, then may I be clear that you are not suggesting that it was originally built as a concession to McIntyre Porcupine?

A This we don't know.

Q You just point the finger?

A Well, we ask, we ask what commitments were made by the government and also by McIntyre at that time.

Q Have you read Premier Manning's speech to which I referred yesterday?

A I wasn't here yesterday.

Q I see. Did you hear Premier Manning's speech in February of 1965 where he first put the concept of the Alberta Resources Railway to the legislature?

A I don't recall it.

Q Then you have mentioned royalties, sir. In what way were royalties given to McIntyre, royalty concessions, pardon me?

A Well, I don't single McIntyre out only, when you talk about

E. Mitchell - Sabey Ex.

A (Continued) the coal royalties. Ten cents a ton in our mind, is just inadequate royalty for the exploitation of coal from this province.

Q Is that the only benefit the government got for giving those leases, was ten cents a ton?

A We, they probably got some money from the leases.

Q At the time they were granted you mean?

A Yes.

Q Yes, they probably also got a yearly payment whether or not any coal was mined?

A Coal has been mined.

Q Well, sir, but the leases were given years and years and years ago, weren't they, and the government has probably received some payments annually on those leases even though coal may not have been mined?

A Well, we're suggesting that the royalty payment is too low.

Q Well, sir, I know you are, sir, but do you know whether the government got a bonus or a payment when they granted those leases originally?

A I don't know what the payment was.

Q Do you know whether or not they have received annual payments under the terms of those leases?

A I don't know what figures are involved there.

Q Do you know whether any payment to the government was entirely contingent upon production?

A What payment was made to the government?

Q Do you know whether all payments were entirely contingent upon production?

E. Mitchell - Sabey Ex.

A The royalty payments were contingent upon production.

Q Do you know whether all payments called for under the leases depended entirely on the fact of production?

A No.

Q Is it entirely possible, sir, that they have been receiving benefits for years and years, when there has been no production, no profits taken, is that possible?

A That's possible.

Q But you don't know?

A No.

Q And you didn't take the time or trouble to find out, right?

A That's right.

Q You just said, the royalty isn't enough?

A That's right.

Q So you isolate the royalty from the context of the situation and look to the royalty and the royalty only. Is that what you've done, Mr. Mitchell?

A As long as the mine is in operation, it's the royalty that's in effect, not some payment that's made while the mine isn't in production.

Q What about before the mine came into operation, what was in effect then? You don't know? You've taken one part of the lease and looked at that and only that. You have assumed that the lease was granted immediately before production started and that's all there was to it, haven't you? You have no answer, Mr. Mitchell?

A I have no answer.

Q I'll go on. The training program you mentioned as a concession

E. Mitchell - Sabey Ex.

Q (Continued) to McIntyre Porcupine. Are those training programs just offered to McIntyre Porcupine?

A No, they aren't. They are available to many industries and employers right across this country. I certainly recognize that.

Q So the three main, these are the three main concessions, one of which is unique to McIntyre Porcupine and that's the railway?

A Yes.

Q And you don't know that that was a concession; you just think it may be and you're asking the question?

A We're asking the question.

Q So when you say there were concessions given to McIntyre Porcupine, you don't really know if concessions were given to them as distinct from anybody else?

A The railway doesn't affect anybody else.

Q But you don't know that they got a concession on the railway, you just asked the question?

A That's right. I leave it at that.

Q All right, thank you. Sir, you then talk about the "massive public investment." I think that was the terms used this morning?

A Yes.

Q And you say, in your concluding paragraph

"The investment of the public must be protected. Undoubtedly, the mining operation will become a profitable operation."

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E. Mitchell - Sabey Ex.

Q (Continued) and you suggest that these profits should be paying for the large investment that has been made by the citizens of Alberta?

A Yes.

Q Now, sir, can you tell me of any government investment in the mining operation at Grande Cache?

A Government investments?

Q Yes?

A We're looking at the public funds that went into the Town of Grande Cache, into the railway.

Q You have mentioned the Town --

A -- Everything that goes around the operation of the mine.

Q Well, sir, let's talk about the mine itself. Now, do you know of any public funds that have gone into that mining operation, not the Town --

A -- Not to my knowledge.

Q You don't?

A No.

Q So what you're saying is that the profits taken from the mine should be used to repay the government investment in the railway and in the Town?

A Yes.

Q Well, Mr. Mitchell, do we next take over the refineries on the outskirts of Edmonton to pay for all the government buildings in Edmonton?

A I don't know. We're not dealing with them right now.

Q One last question, Mr. Mitchell, supposing there was a government commitment to build a highway in and out of the

E. Mitchell - Sabey Ex.
- Stevenson Ex.

Q (Continued) Town, what relationship if any does that have to your recommendation that the government should take over the mine?

A What relationship does it have?

Q If it has any relationship, what is it?

A Well, the only relationship I suppose, when you look at the total development of the community, the transportation facilities in and out, the building of the road into the community is another public expenditure.

Q You're just saying that they should take the profitable operation to pay for this public expenditure?

A Yes.

MR. SABEY: Thank you, Mr. Mitchell.

MR. CRUMP: Any re-examination, Mr.
Stevenson?

MR. STEVENSON FURTHER EXAMINES THE WITNESS:

Q Do you suggest, to follow that up in your brief, that the Town, the establishment of the Town was some kind of concession to the company?

A Well, depends in what context you want to look at it. There would have been no Town if it hadn't been for the mining operation. You're establishing a community for people to live in. McIntyre Porcupine is dependent on that community and the people that live in it.

Q The alternative would have been for them to set up the Town?

A For who?

Q For McIntyre to set up the Town?

E. Mitchell - Stevenson Ex.

A That's doubtful if they would. I'm not sure we want a company town.

Q That's what I was going to ask you, whether you wanted a company town or not?

A No.

Q Do you know whether or not, Mr. Mitchell, there is any concession given to McIntyre in respect of the rate paid for the transportation of Alberta coal? Do you know whether that's so or not?

A I don't know.

Q Tell me, does the union have any input or does it make representations to people like the Energy Resources Conservation Board, when it's holding hearings, as to the opening of strip mines?

A We haven't made representation directly to the Energy Conservation Board. We have made representation on strip mining operations in the province.

Q Do you know whether the Department of Labour has any input into these hearings, such as the Energy Resources Conservation Board?

A The Department of Labour?

Q Yes?

A I'm not aware that they made representation, you know, in front of the Energy Conservation Board.

Q You indicated that one of the things that might be considered was the kind of employment that was to be used in an operation and I suggest that that is not normally canvassed in these hearings?

E. Mitchell - Stevenson Ex.

A I'm sorry, I --

Q It doesn't appear to be ordinarily canvassed in hearings as to whether or not strip mining should be opened or operated?

A No, it's not canvassed here, do you mean or --

Q Canvassed in a hearing?

A In a hearing, I see, yes.

Q You're familiar with the fact that the Energy Resources Conservation Board does decide whether or not a given strip mine should be opened?

A Yes.

Q And I ask you, do you know whether or not there are any representations made on behalf of labour as to the labour significance of strip mining?

A We made representation on the matter of strip mining to the --

Q -- Environmental --

A -- Environmental Conservation Board.

Q From the point of view of the use of labour?

A Mostly on the environmental question. The labour question is another one. I think when we look at an area such as the McIntyre operation, in an isolated community, moving from the underground mining to the strip operations, you're going to require less numbers of workers than the underground mining.

Q Do you think that's a valid consideration for the State to consider in deciding whether or not strip mining operations should be allowed?

A I don't think you can consider it in isolation but I think it is a consideration.

MR. STEVENSON:

Thank you.

E. Mitchell - Patching Ex.

MR. CRUMP:

Mr. Patching, have you any

questions of the witness?

MR. PATCHING:

Just one or two.

MR. PATCHING EXAMINES THE WITNESS:

Q On the questioning about strip mining, as you know we are concerned about the economic viability of the community?

A Yes.

Q And the mining operations there. Now, if the prohibition of strip mining should make the operation not viable and lead to the shut down of the operation, would this meet with the approval of the A. F. of L.?

A I just can't say yes or no to that. I think, you know, a total study has to be made on whether or not the underground operation is in fact a viable operation, whether or not the strip mining is the way that we should be going but we have to certainly take into consideration the effect of the environment; the effect on employment in that community and anything else that's built around it.

Q But if the --

A -- Just as a simple "yes" or "no", I can't answer.

Q If the information that we obtained during the hearings is that the strip mining is essential to the viability of this operation, then what would your position be?

A Well, we would probably be saying, you know, if this is the direction we have to go, this is fine, providing --

Q Which direction?

A Strip mining. If this is the only viable operation there is, but we would also want the environment protected.

E. Mitchell - Patching Ex.
- Graham Ex.

Q Do you not think that the measures that are in effect now concerning environment are adequate there?

A We're not sure that they are. In fact there are hearings going on on this matter right at the moment. In fact, uses of coal and in fact, the development of the whole Eastern Slopes of the Rockies. I think as citizens of this province, that all of us have to look at that whole development. I don't think we can just go off and start moving in strip mining operations just where there happens to be some coal at any given time.

Q But if the prohibition of strip mining should decrease employment in this province, would you approve of that?

A If the prohibition would decrease employment?

Q Yes?

A We don't like to see employment drop. You know, I'm sure - and especially when you have a total community built around one industry, I think we have to look at it to save that community and the people that are in there. People make a big personal investment when they go in there.

MR. PATCHING:

That's all the questions I have.

Thank you.

MR. CRUMP:

Mr. Graham, have you any

questions of Mr. Mitchell?

MR. GRAHAM EXAMINES THE WITNESS:

Q Yes. I think it would be true to say though, that as far as the Alberta Federation of Labour is concerned, it is interested in job opportunities, regardless of where they are?

A Oh, no doubt.

Q But it's also true to say that the Alberta Federation of Labour,

E. Mitchell - Graham Ex.

Q (Continued) because it represents quite a number of people who are not actually employed, for example, Grande Cache in coal mining and they are also concerned about environmental damage and strip mining and that as long as the operation would be viable and there's not too much environmental damage done insofar as the strip mining is concerned --

THE COURT REPORTER:

-- I'm sorry -

Q MR. GRAHAM: I'm sorry, I guess I'll have to start standing up, too. Your concern then would be that there would be no opposition to strip mining then as such, providing that these other criteria were met?

A Yes, yes, that's true. We haven't got any position that there shouldn't be strip mining.

Q This is what I was trying to draw out. You're not opposed to strip mining as such?

A No, but I think all these other matters --

Q -- As long as there are safeguards --

A -- That's right.

MR. GRAHAM:

That's all I have.

MR. CRUMP:

I have no questions of Mr.

Mitchell. You may stand down. Thank you for coming.

(Witness retires.)

MR. CRUMP:

This concludes the evidence at this time, Mr. Stevenson?

MR. STEVENSON:

Yes, it does.

MR. CRUMP:

And all the witnesses who were prepared have been heard at this hearing?

MR. STEVENSON:

Yes.

MR. CRUMP:

Well, therefore, gentlemen, we will adjourn this hearing until September 18th here in Edmonton, at which time we expect to hear from the remaining government witnesses who are not now ready; company evidence from McIntyre Porcupine Mines and the Commission's own expert witnesses.

I want to draw your attention again to the fact that in the procedures that were handed each of the interested parties, it was requested that Commission counsel should have the briefs a week before the appearance of the witness. This of course would be so that counsel could familiarize themselves with the brief and that the Commission could also. I must say there has been a lamentable failure in this respect, particularly from government departments. The fact that we are not meeting again until September 18th should give everyone adequate time to prepare their briefs. Those who will be called will be advised well ahead of time. Failing of course production of the briefs, then the Commission will have to take other action.

I also again draw your attention to the fact that if anyone has any information that could be useful to the Commission, which is pertinent to the inquiry and which has not already been covered, I wish you would get in touch with Commission counsel.

The Commissioners will be meeting from time to time and Commission counsel will be available at all times so that there will be no difficulty in getting in touch with him or he with the Commission.

MR. CRUMP: (Continued)

I think that is all for this
hearing, gentlemen. The hearing is adjourned.

(The hearing adjourned)

